

tion of Southern obligations, but they had been preparing for it. Deposits fell in Boston from \$20,811,889 on October 8, 1860, to \$17,176,778 on December 10th, and specie reserves fell on December 17th to \$3,491,348,—far below the limit required by law. The whole amount of Southern indebtedness to the North was estimated by intelligent merchants in New York and Boston at \$200,000,000, and a large part of it was lost by the breaking out of war.¹ The Boston banks, however, succeeded in restoring their specie reserves by March, 1861, to \$5,601,871, and the manner in which the banks of the State met their losses is thus described by the bank commissioners:

The system pursued by them for many years, of making an annual reservation of a portion of their yearly earnings, had in some measure protected them against unusual amounts of dishonored and worthless paper. By the bank returns on the last Saturday of October 1860, the net profits then on hand amounted to \$6,360,539.11, or 9&per cent, of the aggregate banking capital of the Commonwealth. And we do not hesitate to express the opinion, based upon the examinations we have made during the past year, and from information specially obtained from other banks, principally in Boston, that, notwithstanding the losses which some banks must inevitably sustain, the whole amount of final loss growing out of our difficulties with the South will be more than covered by the general surplus, thus leaving the aggregate bank capital free and unimpaired.²

¹ Some estimated it at \$200,000,000 to New York alone.—Rhodes, III, 560. The honorable conduct of the New Orleans banks is pleasantly referred to by Secretary Hugh McCulloch. The branches of the Bank of Indiana in the southern part of the State, he says, "had large dealings with men who were engaged in the Southern (Mississippi) trade, and when measures were being instituted for the secession of Louisiana from the Union, and, indeed, after the ordinance of secession had been adopted, these branches had large cash balances and large amounts of commercial paper in the New Orleans banks. Against the remonstrances of the secession leaders, and in disregard of threatened violence, these cash balances and the proceeds of the commercial paper as it matured were remitted for according to directions,—not a dollar was withheld."—Men and Measures of Half a Century, 139.

² House Ex. Doc. 25, 37th Con.^v., 3d Sess., 50.